DOCUMENT RESUME

ED 392 955 CE 071 102

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TITLE The Impact of Voucher Schemes on the FE Curriculum.
INSTITUTION Further Education Development Agency, London (England).
REPORT NO ISBN-1-85338-399-6
PUB DATE Oct 95
NOTE 17p.
AVAILABLE FROM Further Education Development Agency, Citadel Place, Tinworth Street, London SE11 5EH, England, United Kingdom (3.50 British pounds).
PUB TYPE Guides - Non-Classroom Use (055)

EDRS PRICE MF01/PC01 Plus Postage.
DESCRIPTORS Curriculum; *Economic Impact; Educational Finance; Educational Policy; *Educational Vouchers; Enrollment; Financial Support; Foreign Countries; Postsecondary Education; Program Development; Program Implementation; Technical Institutes; Vocational Education
IDENTIFIERS Impact Studies; National Vocational Qualifications (England); *United Kingdom

ABSTRACT

The impact of voucher schools on the further education (FE) curriculum in Britain was examined in a study of the 22 FE colleges and 3 training and enterprise councils (TECs) involved in the initial pilot testing of the 5 voucher schemes: Youth Credits; Gateway to Learning; Skill Choice; Open Learning Credits; and Adult Training Credits. It was found that, although individual voucher schemes may account for very small amounts of an institution's total provision, the proportion of students in an institution funded through credits can rise to 10 percent if the college is involved in three or four credit schemes. A few FE colleges reorganized some departments and expanded to accommodate voucher schemes. Involvement with voucher schemes was also associated with other changes, including the recruitment of additional administrative and part-time academic staff; policy changes; strengthened links with TECs; and changes in curricula/delivery systems (expanded provision, formalization of the action planning process, development of National Vocational Qualifications [NVQs], and introduction of new modes of delivery). Voucher schemes were also credited with enabling some students to progress to higher NVQs or employment. Lists of recommendations for government bodies, TECs, and colleges are included. (The appendixes contain acknowledgements and descriptions of the five voucher schemes.) (MN)

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October 1995

MARIA HUGHES

The impact of voucher schemes on the FE curriculum

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Introduction

Since the introduction of Training Credits in 1991, training and guidance provision resourced through mechanisms where funding follows the learner has increased. National initiatives such as Gateways to Learning, Skill Choice, Adult Training Credits and Open Learning Credits are all examples of schemes which employ this resourcing methodology.

Participation by the FE sector in such schemes is also expanding. Pilot programmes — initially restricted to certain geographical areas — are now implemented nation-wide and Training and Enterprise Councils (TECs) are using their own resources to experiment with credit-based funding of provision at local level.

The Further Education Unit (FEU) investigated the effect of training credits on the colleges involved in the initial pilots and published its

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findings in *Training Credits: The Implications for Colleges* (1993). *The Impact of Voucher Schemes on the Further Education Curriculum* describes the outcomes of further research which considered the relationship between credit vouchers and learner participation, choice and achievement, and the effect on college internal funding and financial systems. As such, it is of interest to:

- college staff involved in the contracting, management and delivery of schemes funded via a credit mechanism
- representatives of TECs responsible for the implementation and delivery of schemes
- representatives of the Department for Education and Employment concerned with the planning of initiatives delivered through credit mechanisms
- the Further Education Funding Councils (FEFC)

Background

The voucher schemes investigated aim to:

- stimulate demand for training
- fund the learners, not the providers
- increase efficiency in the market
- empower and motivate individuals to invest in training

Some also aim to develop a supporting infrastructure, such as in guidance and assessment.

Voucher schemes are not a new idea. Similar proposals were discussed for compulsory education in the 1980s and, more recently, vouchers for nursery education have been proposed. Following the introduction of Training Credits for young people, some TECs subsequently established their own credit schemes, in which vouchers are used to purchase guidance or training provision. A voucher option was included in FEFC's proposals for the funding methodology for the newly incorporated FE sector. Proposals for extending the voucher funding mechanism to other sectors of education and training provision were outlined in *Competitiveness — Helping business to win* (1994), which contained proposals to:

- introduce a voucher scheme to enable recently appointed school heads to improve management and leadership skills by purchasing training at an institution of their choice
- consult widely with a view to establishing a pilot scheme by 1996, expanding credit delivery as a mechanism to allow all 16 year olds to buy full- or part-time education or training

The scope of the project

The project investigated the effect of the following schemes on colleges:

- Youth Credits (YC) (previously known as Training Credits)
- Gateway to Learning (GTL)
- Skill Choice (SC)
- Open Learning for Credits (OLC)
- Adult Training Credits (ATC)

(See Appendix for more information.)

Representatives from five colleges undertook research in their own and other FE colleges during the spring and summer of 1994. In total, 22 colleges and three TECs were involved.

The project took place at a time when other changes, such as the introduction of the FEFC funding methodology, were affecting colleges. In some cases, these mirrored features of credit schemes, such as those for achievement-led funding and guidance.

The impact on colleges

Voucher schemes may account for a very small amount of the institution's total provision. In colleges involved only in OLC schemes, this may be less than 1%. However, where a college is involved in three or four schemes, particularly the larger ones, such as YC, the proportion of students in the institution funded through credits can rise to 10%.

The extent of the influence of credit schemes on the institution is generally in direct proportion to the size of scheme. There are exceptions to this. One college delivering a small OLC scheme reported that it had such an effect that changes were required to job specifications, a new post was established and substantial staff development required. In contrast, some colleges participating in YC appear to have limited any effects by disseminating information about the scheme only to those staff directly involved in its delivery. This may reflect previous marginalisation of YT and similar provision.

Where direct college involvement in the action planning and initial selection process is limited, the effect on mission statements and policies is reduced. In schemes delivering training rather than guidance provision, such as OLC, pre-entry guidance is sometimes contracted out to an independent provider or an educational guidance service, for example.

Management and organisation

Although most colleges had not undertaken major structural re-organisation, some departments had been re-organised and expanded to meet the needs of a scheme. One college created a central training unit in response to the introduction of YC; it operates across all departments of college and manages the YT and Adult Training schemes. New units were sometimes required, such as APL and open learning centres.

Staffing

In larger schemes, one major consequence has been the recruitment of extra administrative staff and of work placement officers. In some cases, aspects of administration were sub-contracted or undertaken by a partner agency.

Some of the staffing structures required had evolved over time to meet the needs of previous schemes, such as YT. New responsibilities tended to be absorbed into existing workloads, particularly with smaller schemes.

Colleges recruited more part-time academic staff to meet specific curriculum needs and to allow flexibility, should contracts be discontinued. One college had appointed trainers rather than lecturers to lead a workshop. Experience in delivering NVQs was a deciding factor when appointing staff.

College policies

The starting point of the college — particularly the maturity of its planning processes — appears to determine the extent to which voucher-based schemes accelerate or influence development.

In colleges where:

- entitlement policies were already in place, or
- credit scheme students were not differentiated from the rest of the student population, or
- there is a history of catering for many different kinds of learner

the changes were less evident.

Some colleges specifically refer to credit schemes in their policy and planning documents, such as the college charter, health and safety policy, and the strategic plan. In some colleges, YCs were reported to have had little effect on college policies. This may reflect:

- the ambivalent perception by college staff of aspects of the scheme
- the uncertainty of future delivery
- previous experience of YT

In one area the TEC was contracting directly with employers, who were selecting the trainees themselves. This created difficulties for the college in long-term planning. In such cases, the college may have no responsibility for action planning, monitoring and the development of records of achievement (ROAs).

Adult schemes appear to have been more influential, particularly on:

- guidance provision
- decisions regarding areas of expansion
- individual action planning
- quality assurance

As a result of involvement in voucher schemes, college staff are likely to have a greater awareness of:

- the purchasing power of potential learners
- health and safety issues, particularly in relation to work placements
- working in an increasingly competitive market
- flexible and open learning
- guidance and counselling

One college reported that it had become more 'business-like' (e.g. when bidding for funding) and more 'business-centred' (e.g. focusing on the needs of local business and industry). Another commented: 'Credit/voucher schemes have meant more adult learners in the college and adults, especially those who have been unemployed for a long time, need to be handled differently.'

Involvement in credit schemes helped prepare some colleges for incorporation by:

- providing the model for an audit trail system
- helping to develop the college MIS and legal, health and safety and financial processes
- introducing staff to new costing procedures

Collaboration

Collaboration with other agencies involved in schemes may bring many benefits, such as:

- improved networking, including access to useful information and sharing of knowledge
- opportunities for staff, curriculum and institutional development
- co-ordination of promotional activities
- initial selection of potential clients by the careers service
- access to additional expertise in developing new provision (e.g. APL and pre-course counselling)
- access to a well-resourced marketing strategy
- access to employers

However, significant amounts of staff time may be taken up and in some cases colleges may feel obliged to collaborate rather than doing so voluntarily.

One college established a formal association with the local chamber of commerce, which undertook the monitoring of students on work experience. This proved particularly beneficial in increasing employer links. In another case, the college had established a trading company in partnership with the local chamber of commerce, which held the TEC contract and delivered the administration and counselling aspects of the scheme.

Relationships with the TEC

Existing links had often been strengthened as a result of involvement in schemes particularly with:

- the careers service (within all schemes although it was also seen as a competitor in GTL)
- other training providers
- job centres

Sub-contracting within the schemes had developed new or strengthened networks with employers, universities, chambers of commerce, other colleges (e.g. collaborating to resolve problems arising from the YC scheme and through referral within GTL), benefit offices, an educational guidance service for adults and schools.

Some colleges involved in YCs worked together at local level to unify funding and delivery systems, and to develop common approaches to the TEC in other areas. However, concern was expressed that increased competition between colleges and between colleges and schools could erode links and reduce the sharing of good practice.

Good relationships with the TEC emerged as essential to the success of the schemes in colleges. As a funding

agency, the TEC is able to influence curriculum and institutional development and exert pressure for change. For most of the colleges participating in YC, the relationship with the TEC had not been affected as a result of the scheme. A few, however, did report a deterioration in their relationship.

Undoubtedly, the benefits of a good working relationship result in:

- a significant income for the college
- a significant number of students, in some cases non-traditional students, particularly adults, enrolling in college programmes
- an impetus for the development of new provision, promoting innovation
- other spin-offs, including funding for research work

Factors adversely affecting colleges' relationships with the TEC included:

- lack of acknowledgement by the TEC of problems the proposed system would create
- inexperience of TEC staff in detailed financial planning
- rapid staff turnover in TECs, reducing continuity of collaboration and experience
- lack of financial assistance with start-up and development costs (e.g. requiring colleges to purchase equipment such as hardware from existing resources, to operate smart card systems)

Resourcing implications

Triggering and claiming payments

Some institutions already had systems in place which would incorporate the schemes. Others had to adapt existing systems or set up new ones to include financial tracking, recording achievement and client follow-up. Systems based on initial and final outcome payments were adminis-tratively simpler than those with several stages. However, if the achievement-related proportion was high, this could lead to cash-flow problems.

Triggers used for payment of claims were related to particular schemes and included:

- completion of induction programmes
- individual action plans
- assessment and training plans
- half way reviews and achievement related to gaining opening learning and NVQ units
- qualifications and finding work

A range of charges were collected using the credit, including course fees, books and support materials, registrat-ion and exam fees, health and safety clothing, teaching costs, management and scheme administration, placement visits.

In some cases new systems contributed to the development of the college management information system (MIS) for example through:

- devising procedures
  - for invoicing and collecting payments
  - for giving cash payments to students
- producing statistics, various reports and other documents for the TEC

The complex information requirements of some schemes meant extensive increases in administration. Financial tracking was seen by a number of colleges as especially burdensome. Other problems included:

- the retrieval of costs from some employers, who often paid late on the basis that they had to wait for funding from the TEC
- cash payments to students, which had taken a long time to retrieve
- achievement-related funding necessitating the collection of data on employment destinations which could cause difficulty
- cumbersome procedures for identifying achievement when dealing with a range of awarding bodies
- the complexity of travel claims and attendance records

Links had been made to MIS by some colleges, for example for processing monthly claims, recording payments and establishing audit trails and student tracking. Where colleges viewed credit schemes as exceptional, an additional administrative burden resulted. One college reported that a software link to the TEC had been established and another that it was linked by e-mail.

The lifespan of the vouchers depended on the type of scheme: in YC this was linked to the eligibility of the holder. Generally the limits on lifespan did not seem to be a problem for the colleges, since TECs were being flexible to accommodate courses on offer.

Significant differences were evident in the way each TEC operated the same scheme. Practice in adhering strictly to the voucher methodology was clearly variable. The credit was seen to be largely irrelevant if payment was made against college numbers specified in the contract with the TEC which then dis-aggregated it for its accounting purposes.

Levels of funding

Colleges were concerned at the inadequate funding for YC. Extra resources to cover start-up costs, procedures for the collection of data and processing of payments were not generally available. A significant degree of cross-subsidy was evident.

Closure of schemes had been considered by some colleges but involvement was continuing due to:

- commitment to supporting the economy of the local community
- the need to maintain provision for local industry and commerce

Colleges were considering the possibility of switching adult provision currently resourced through voucher schemes to FEFC funding to offer greater control over delivery. Since the achievement-related proportion of FEFC funding is lower, the effect on cash-flow brought about by non-achievement would be reduced. However, although fee remission policies can ensure continued access for the unemployed, the effect on some potential learners — for whom even limited financial support is significant — would be detrimental. Recent changes in FEFC's funding method-ology to take account of the wholesale availability of YCs have largely closed this option for young people.

Costing and pricing provision

A significant number of colleges appear to be costing their voucher-funded provision more precisely than previous YT provision. Some TECs require a detailed breakdown of all aspects of the course -- materials, fees, guidance, tutors, technical and clerical support.

Colleges commented that it was difficult to operate in the YC resourcing framework. Fixed cost structures from the TEC prevented realistic pricing of YC schemes with little scope for negotiation.

Involvement in SC helped one coilege to set the college rate for APL (although this continues to be difficult to price for the unemployed). The subsidy of adult clients by the TEC through the schemes highlights the differences in fee levels to these client groups. For example, employed clients accessing schemes such as SC pay less toward the cost of the provision than those paying fees directly.

Funding outputs

The proportion of achievement-related funding varies significantly between schemes. One pilot scheme was initially 100% achievement-related, another only 10%. In one OLC scheme, after negotiation with the TEC, there was reduction from 66% to 25%. Others delivering YC schemes reported that achievement-related funding is causing cash-flow problems.

Unitisation of provision could provide payment stages, which:

- are both achievement based and reduce funding losses through student drop-out

- minimise adverse effect on cash flow
- reduce the trend toward punitive selection criteria

However, if this is not accompanied by a reduction in the costs associated with accreditation for each unit, overall costs may increase significantly.

The curriculum and its delivery

The schemes have, in some cases, accelerated curriculum change through:

- expanding provision
- formalising the action planning process
- NVQ development
- TDLB training
- introducing new modes of delivery

New programmes have been developed and provision widened, for example provision for learners with disabilities and learning difficulties, language support for ethnic minority students in YC, and the opportunity to access more expensive provision in OLC.

Qualitative improvements in provision were evident in some areas. One respondent commented that provision had become more client-led and another commented on improved accessibility. Others cited increased flexibility. A significant improvement in guidance provision is a result of involvement in most schemes including the involvement of tutors in reviewing progress.

In the case of YC and OLC, some provision has been significantly modified to ensure approval by the TEC to ensure that trainees would be able to redeem their vouchers. This affected the timing, duration, awarding body and content of programmes and was related to what the TEC could fund.

The development of GNVQs has been promoted by some schemes. Fewer NVQs are offered in programmes such as OLC, because of the difficulty accommodating job training. One college reported that it was researching the possibility of including part-time GNVQs in its YC programme.

A lack of consistency was evident in the range of programmes eligible for YC funding. In some cases, YCs have extended the range of programmes and levels previously available through YT. In at least one case, the TEC was prepared to fund GNVQs if no NVQ was available. In some areas, TECs were exercising greater flexibility through the acceptance of GNVQ and GCSE programmes. However, the development of broad-based programmes was restricted by the adherence on the part of some TECs to qualifications on the NVQ database.

The level of output-related funding also affects the curriculum offer in the range of schemes. As one college commented 'two thirds funding on achievement has stopped us from being too ambitious with the curriculum'. There was particular concern that, in YC schemes, output-related funding led to the dilution of standards and lower expectations. As a consequence, young people were not stretched by their training programmes.

Colleges involved in GTL indicated that the following are at least partially attributable to voucher schemes:

- student profiling within the classroom
- portfolio building
- tutorial activity across all stages of the learning programme
- the offering of a comprehensive guidance service throughout a student's course
- a personal careers and development course for all full- and part-time students at the college

Curriculum delivery

The simultaneous development of other initiatives alongside voucher schemes promoted similar changes to curriculum delivery. For example, greater flexibility of course length, influenced by the development of fast track courses for the TEC, was also facilitated by the unitisation of the NVQ curriculum.

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The greatest effect on curriculum delivery appeared to be:

- accelerating the introduction of more flexible modes of delivery (e.g. modularisation roll-on/roll-off, increase in workshop provision, outreach work with clients at home, fast-tracking, particularly on YC and OLC)
- the development of action planning, particularly on YC and OLC
- adaptation of existing documentation and procedures
- increase in work-based assessment, particularly on YC

Where the college was involved in a range of schemes, the effect was more likely to be felt across the whole institution. Teaching and learning styles were modified to become more student centred and the variety of learning activities extended. More emphasis was placed on responding to individual need, increased tutoring, monitoring and review, tracking and guidance work.

Tracking

Tracking of learners' attendance and achievement is an inescapable part of FEFCs' funding methodology and a requirement of most voucher schemes. An added complication is the potential number of agencies involved, such as job centres, careers services, employers and the TEC itself.

Tracking was undertaken in different ways, including:

- a progress/review mechanism, reporting on both qualitative and quantitative aspects of the scheme
- the administrative system for registration and payment of claims
- through action plans and ROAs
- feedback from tutors
- central administration procedures

One college was running an incentive scheme to encourage students to provide information on destinations. Another college tracked users of guidance provision by following up initial enquiry forms and random follow-up of destinations.

Procedures for tracking students who were credit holders were generally defined by the TEC and one college reported having to develop a second MIS. Another reported that its MIS did not accommodate a separate analysis for YC students, and there is evidence that identifying credit holders had generally proved difficult.

The burdensome level of paperwork related to this was highlighted by nearly every college, including those enjoying good relationships with their TEC and running successful schemes. This was exacerbated where a college was delivering schemes for more than one TEC.

Involvement in adult-based schemes has clearly been beneficial in some instances in developing systems and procedures transferable to other college provision: in at least one college, GTL had provided the foundation for the administrative procedures currently in operation. Users of guidance provision were being tracked by the follow-up of initial enquiry forms and collection of destination data (through sampling in some cases). The progress of students on one OLC was being recorded through ROAs and the TEC's action plans.

Retention

Where data was available, a few colleges reported a decrease in drop-out, perhaps because of specific additional payments to TEC students. Retention was also influenced by potential job prospects. Enhanced guidance within programmes, and the use of ROAs, were all considered to be factors increasing retention rates. However, drop-out was also reported to be adversely affected by the complexity of the processes students had to undergo and the number of players involved.

Although there was a generally high retention rate in OLC schemes, drop-out on one OLC programme was higher than that of the comparable full NVQ course. This led the college to consider unitising the programme to reduce non-completion.

STAFF DEVELOPMENT

Systematic identification of staff development needs and subsequent activity to meet these was not routinely undertaken. Training tended to be given as a response to identified need with specific staff trained to meet the needs of particular contracts. This was largely undertaken on an ad hoc basis, with managers cascading training to their own staff through occasional training sessions or briefings. One college commented that a proper training programme would be beneficial. Others suggested that the staff development provided was generally inadequate, particularly in relation to preparing staff for new modes of delivery. A few colleges provided information on the schemes on a 'need to know' basis, with only a small number of staff being involved in related staff development activity.

Involvement in credit schemes requires staff to develop their guidance and tutorial skills (to meet the needs of a wider range of students), as well as their negotiating and management skills. They also need to be able to deal with more flexible approaches to delivery and modularisation. Depending on the allocation of responsibilities, it may also require some non-specialist staff to develop skills related to costing provision.

The most common needs resulting from involvement in YC schemes were for:

- initial briefing and ongoing updating on the systems and administrative procedures in operation, including establishing an audit trail and the legal/health and safety aspects of the contractual requirements of TECs (e.g. in relation to work placement/work-based assessment)
- assessor training for NVQ assessment
- curriculum development, including new forms of delivery and action planning

Staff involved in OLC may need training to ensure they have knowledge about the scheme and can undertake initial assessment, guidance and counselling. Financial control systems, open/flexible learning, opportunities from other providers, and redundancy/benefit issues were also areas where skills needed development.

Awareness about the credit schemes among college staff not directly involved was low. There seemed to be little correlation between the size of the credit scheme and the level of awareness, but rather depended on:

- the extent to which staff involved in the scheme were drawn from faculties across the institution
- previous involvement in ED initiatives such as YTS, particularly as a managing agent
- proactive attempts to inform non-participating staff about the schemes

Presentations, college-wide memos, newsletters, weekly bulletins and the internal distribution of literature about the schemes were used to raise awareness. One college had set up a working party to bring together staff working on different credit-based schemes. Another was running updating programmes during admission weeks. In some institutions, there was contact between staff working on different credit schemes to enable common approaches to be adopted where appropriate.

A number of TECs funded or delivered training and briefings. This was generally well received. On the GTL programme, training funded by the TEC enabled staff to gain recognised qualifications, such as the RSA Diploma in Education and Training Guidance for Adults.

One of the colleges had used the vouchers in a locally devised guidance scheme to offer its staff bespoke programmes, with a main core of careers guidance elements covering information, self analysis and career oppor-tunities; another had used vouchers to train its own staff in the TDLB standards (D32).

Involvement in one of the GTL projects prompted the advice and guidance co-ordinator of one college to develop a quality system, including staff competence standards. The requirement to meet external quality standards also

helped the guidance manager in making a case internally for the necessary resources to continue the work on quality.

Marketing

Credit schemes are generally marketed by the TECs with their own publicity material, which is sometimes used by the colleges.

Involvement in credit schemes appears to have had relatively little influence on the colleges' marketing strategies, although one college had increased marketing of its motor vehicle provision (which had the largest number of training credit holders). Some colleges were already marketing to non-traditional groups and the credit schemes had not particularly encouraged others to do this. However, involvement in SC had influenced one college to market an APL service to corporate clients.

Several colleges, particularly those running YC schemes, commented that they were experiencing increased competition and needed to work hard to maintain market share. One had experienced a sharp decline in market share at the outset of the scheme, but the position had since stabilised. Market loss had been sustained on Business Administration and Motor Vehicle programmes. A couple of colleges commented on the increasing influence of the careers service in producing better informed school leavers, and the need for colleges to market their provision to external guidance agencies for both young people and adults. In one area, improved links with the careers service had resulted in access to accurate figures on pupils whose training credits would be activated at a later date.

Impact on learners

Selection

While colleges were reluctant to admit that new selection criteria were being introduced, there is evidence to suggest that:

- more emphasis is placed on accurately assessing the level of learners' motivation and ensuring that realistic goals are set to ensure completion
- where the output related fee forms a substantial proportion of the total funding, students are selected with enhanced awareness of the need to ensure achievement

One college delivering a YC scheme commented: 'I suspect that students have been placed on courses which are more within their capabilities rather than at the limit, in an effort to ensure achievement.'

Selection in YC may be related to what is on offer and not to learners need. Where this is low level NVQs, it may not provide an adequate challenge to potential students.

Where colleges operate open access for all YC holders, there is evidence that increased fine tuning of level is taking place. Some students whose performance places them between two levels, are likely to be placed on training programmes at the lower level.

However, where selection criteria are publicly documented and reflect equal opportunities policies or where initial selection is undertaken by external agencies, inequitable selection criteria are less likely to be found.

The tendency to tighten selection criteria is counterbalanced by the need to recruit. In one area, the lack of placement opportunities and adverse public perception of a YC programme had resulted in the use of training credits by an increasing proportion of lower ability trainees. The credibility of the scheme was seen to be undermined by uncertain progression routes and it being thought of as suitable only for lower ability groups.

Target groups

Adults

Schemes targeted at adults proved attractive to women returners and, in the case of GTL schemes, resulted in a

significant number of non-traditional participants. In particular, one college had attracted a large number of high achievers, who had not previously studied in the FE sector. The APL provision developed under SC promoted the development of programmes for corporate clients, some of whom would not previously have considered using the college.

Similarly, another college offering OLC was enrolling a number of women returners and newly redundant management personnel. The scheme also attracted unemployed people unable to undertake full-time training due to domestic circumstances and the requirement to search for a job. It is also clear that credit schemes have brought groups into the college who could not otherwise pay for their programmes and, as such, has to some extent compensated for the decrease in discretionary awards. Demand for schemes such as OLC was high and limited only by the funding offered by the TEC.

Young people

In contrast, YC schemes operated through employers narrowed the range of students when compared to the previous YT cohort, since the student/trainee has to have a place with an employer, thus reducing participation, in particular, of learners with disabilities and learning difficulties. However, the discretionary extension up to the age of 25 may be bringing back a degree of employed status to trainees, and was proving to be a valuable sources of funding for sixth-form leavers and employed young people.

Empowerment and choice

Credits are more likely to empower those who have an informed understanding of their value. As one college delivering an OLC scheme to adults commented: 'Users appreciate the value of their vouchers and hence place greater value on their training.'

Adults were more aware of the entitlement accompanying the credit mechanism than young people. The GTL scheme in particular was seen to empower adults and increase their confidence through the initial advice during which they mapped their learning plan.

In contrast, colleges delivering YCs generally remained unconvinced that the credits empower students or increase choice. Vouchers were often perceived as a gimmick and that young people were more likely to be empowered by having accurate and comprehensive information on the range of schemes available. Credit documentation had to be carefully presented and explained to the trainees by the colleges. In some cases, the credit documentation was kept by the employer or the college 'with the holder's permission', often through a concern that these would be abused or lost.

Colleges observed that in some cases:

- the employer expected the value of the voucher to cover all costs
- the employer kept the trainee from college to assist in the workplace if they were short-staffed or only allowed them to complete NVQ units rather than the full certificate

Young people may not routinely receive statements detailing the sums left in their account and may be unaware that they can leave and take their credits elsewhere.

Colleges indicated that students in possession of credits may still not secure a place when programmes were full. Because of the 'mixed economy' resourcing of FE provision and the relatively small proportion of total funding obtained through voucher mechanisms, the claim that the funding follows the card is yet too be proved. Young people may be directed to colleges which have contracts with the TEC, and on the basis of differential costings, where the young people themselves do not necessarily wish to study. In some cases, TEC boundaries have reduced choice, and young people and their employers are obliged to select a provider within the TEC area. There is also clearly a contradiction between increased consumer choice and

the use of credits by TECs to address specific skill shortages, given that students may wish to undertake a range of training programmes.

Other factors reducing choice for potential students include:

- lack of impartial advice from approved trainers
- lack of information on opportunities in FE being distributed in schools
- the need to take up training provision due to potential loss of benefits
- some providers ceasing to operate due to financial constraints
- fewer opportunities for more specialist training

Progression

There are many variables affecting progression at local level, notably the lack of employment opportunities. However, increased guidance — a feature of most schemes — is providing the opportunity to discuss options more frequently.

In YC schemes there was evidence of some students progressing to higher NVQs and of others continuing into employment. One college reported the need for increased support for learners with disabilities and learning difficulties in relation to progression.

There was concern among those providing guidance under GTL, that clients could not take up recommended options because courses were too expensive or not accessible due to their location.

In OLC there is also evidence of:

- scheme participants being encouraged to continue their education and training
- the tendency of students to go on to vocational programmes and short courses
- lack of interest in continuing training once employment had been obtained

One college was encouraging students to progress to other courses by waiving any examination or enrolment fee for those moving from a credit scheme to other college provision. Another college, which was a sole provider in the area, reported 100% progression of its open learning students to college mainstream provision.

Conclusions

Replacement or additionality?

Where established provision, such as YT, has been replaced by credit schemes, the effect for colleges and learners has not been beneficial. Resources available are not adequate to support breadth and choice without accompanying economies of scale. Fragmentation is inevitable.

Where credit schemes have pump-primed new provision, particularly for adults, the benefits are more apparent. However, difficulties remain when learners run out of credit entitlement. It is also likely that similar problems to those associated with YCs will become apparent if the provision grows from marginal to a greater mass.

The small scale of the current credit schemes aimed at mature learners have in some cases meant associated costs could be absorbed; it has also limited the effect on financial and administrative systems. However, should the volume of activity increase, resources may not be adequate to carry out related activities (such as financial tracking) and colleges may be required to appoint new administrative staff, increasing the cost of such schemes.

Funding

The credit funding mechanism is relatively high-risk and unreliable year on year. Take up is subject to market con-ditions and the state of the local and national economies. Colleges need to take a strategic approach to the costing and pricing of provision and consider the costs and benefits of involve-ment in schemes. Start-up costs may be high and the investment returns unpredictable.

However, colleges will lose the part funding for YT students previously obtained from the FEFCs. For some this may be a significant loss. In YC schemes operating from April 1995, colleges may, however, claim funding units from FEFC for any qualifications eligible for FEFC funding which is in the young person's initial training plan (ITP) or apprenticeship plan, which the TEC has not agreed to fund. Colleges may also claim funding from FEFC for eligible qualifications undertaken by young people who do not have, and do not wish to develop, an ITP or apprenticeship plan. (For further clarification, see *Guidance Note for Colleges, TECs and Careers Services in England — Youth credits and funding* published by ED, DFE, TEC National Council and FEFC, 1995.)

Demand- and achievement-led systems require learners to attend, complete and achieve. There are thus significant implications resulting from unsuccessful completion or drop-out or if learners switch to another provider. Colleges will not receive full funding if agreed outcomes are not delivered. Outputs may be highly specified and not entirely related to the ability or aspirations of the individual.

All these place a considerable emphasis on the need for colleges to market their provision to make it attractive to learners, TECs and employers.

Management, delivery and administration

Different types of staff are required to undertake the administration and delivery of credit schemes, such as work placement and employer liaison staff as well as more clerical and administrative staff. Specific expertise may need to be developed or bought in.

The effect of it is likely to depend on the college's starting point:

- its maturity in strategic planning
- its MIS capacity
- the sophistication of its accounting procedures
- the extent of a unitised curriculum

Empowerment and choice

Empowerment requires understanding of the power of the credit coupled with responsive provision. There is little evidence that credit schemes aimed at young people are either increasing choice or empowering potential students. However, schemes targeted at adults may increase self confidence and empowerment, although this was not perceived to derive solely from the possession of a voucher.

Choice may be restricted because of the need to achieve output payments. As the reward for achievement goes to the provider rather than the learner, the opportunity for empowerment is reduced.

There is little evidence that young people own their credits in any meaningful way. This is not necessarily because of flaws in the methodology — leaving aside the current level of funding — but due to it being inappropriate for relatively immature young people.

A wide range of factors affect choice of learning programme, not the least being access to comprehensive information and impartial advice. The schemes may have resulted in greater participation in popular training programmes, but minority subjects may be disappearing, and the choice of the individual trainee may be restricted by factors such as the preferences of their employer, the location of the provider, and contractual arrangements between the provider and the TEC, specifying programme areas and trainee numbers.

Extending participation

Schemes aimed at adults are attracting new learners to FE. Many colleges working with their TEC on the delivery of credit-based schemes for mature learners have benefited from the opportunity to develop provision and, in some cases, to reach new client groups.

This is not the case in YCs which tend to reflect the old YT cohort. In some schemes, the curriculum offer has been enriched by YCs; in others it has been diminished — it depends on the TEC

concerned. In a more buoyant economy, YCs may increase the numbers of young people in work participating in formal training programmes . This has yet to happen. As a result, some young people may be experiencing a significantly worse curriculum offer than their counterparts in full-time education. In many cases, the qualification outcome will be similarly affected.

Counselling and guidance provision

The whole range of credit-based schemes has increased the demand for guidance provision. In those schemes which provide guidance and counselling at pre-entry, such as GTL, guidance practitioners also report increased usage of their provision once students are on-programme and at exit.

Selection

Output-related funding is having an effect on selection criteria. Colleges are likely to be cautious in setting ambitious targets for student's attainment. It may be possible to renegotiate with the TEC to reduce the achievement-related proportion of funding. However, in other cases, new funding arrangements are likely to increase the rigour in selection of students which may reduce opportunities for some learners.

Recommendations

For government bodies

- The level of funding of credit schemes for young people should be equitable with that available for 16-19 year olds in full-time FE. Marginal funding is inappropriate and inadequate to deliver training for the country's future workforce.
- Consideration should be given to securing matched funding from employers which would increase the resources available for training and promote greater ownership and involvement. This may result in integration of underpinning knowledge with on-the-job training.
- Strategic planning of schemes at national and local levels and consistency in their operation and criteria for eligibility is required.
- The establishment of a national system of YC should be underpinned with development funding.
- The operational and administrative procedures within credit schemes should be standardised at a national level.
- Market research is required to ascertain the demand for credits among young people.
- The notion that learners may be empowered through voucher schemes should be revisited. Inherent restrictions on the funding mechanism — relating the the level of funding and the extent of choice — result in vouchers being insufficiently powerful to transfer the decision-making responsibility. Equally, young people may not perceive a marginal increase in the control of resources for their education and training as a significant life enhancement. However, some measure of negotiation between credit holders and providers is possible. The extent to which more learners are enable to gain access to education and training through voucher mechanisms, and subsequent effects on provision, merits further investigation.
- Evaluation of schemes and performance of the providers should involve reference to measures of satisfaction of the client group during the learning process.

For TECs

- TECs should engage in a proactive dialogue with FE colleges, as major providers of training, to secure the long-term success of the programmes.
- Flexible approaches to the delivery of credit schemes should be encouraged wherever possible.
- Marketing of schemes should be improved to raise awareness and promote involvement of a wider range of learners.
- TECs should seek to reduce the bureaucracy of the schemes.
- TECs should be flexible in relation to

the curriculum offered in YC and seek to secure adequate funding to ensure that programmes are sufficiently broad-based to meet the needs of initial training.

For colleges

- Colleges should investigate ways of increasing efficiency by combining administrative systems for credit schemes with those required for FEFC purposes.
- Staff involved in the administration or delivery of schemes should be adequately briefed in all aspects of the schemes and training provided as necessary.
- Colleges should facilitate contact between staff working on different credit schemes to exchange best practice, explore areas of fruitful collaboration and review the adequacy of their staff development provision for staff delivering credit schemes.
- Efficient systems to claim payment are essential. These need accurate information systems. Implications for cash flow should be considered. Staged payments may cause problems when a relatively high proportion of resources is retained until successful completion can be verified.
- Colleges will need to address how to meet the additional demand for counselling and guidance resulting from voucher schemes.

Appendix

Youth Credits

- Purpose — to expand and improve the training for young people from 16 (up to 25 in many cases) by:
  — establishing an efficient market in training
  — motivating young people to train to increasingly higher standards
  — encouraging employers to invest in training
- Young people are offered credits to buy training to NVQ standards (level 2 or equivalent, or higher) from an employer or other training provider
- First introduced in April 1991 in eleven TEC/lec areas, covering some 10% of school leavers
- Some TECs are using the scheme to meet specific local needs, including tackling skill shortages by influencing occupational choice
- Delivered in 34 TEC areas by the start of the FEDA project
- Government is redirecting funding — credits will be offered to every 16- or 17-year-old school or college leaver in England by 1995-6

Gateways to Learning

- Purpose — to develop a market in guidance by using vouchers to encourage individuals to exercise informed choice and take up guidance; to invest in the quality assurance of providers and to demonstrate the economic benefits of guidance
- Initially piloted by 12 TECs in 1992-3; 29 were being similarly funded in 1993-4 and by the end of 1994, the majority had received funding to develop guidance provision
- Various models are being tested. All contain three core features: a clear statement of client entitlement or service; the development of multiple agency networks of providers; and the development of a quality strategy
- In some cases a two-tier service is being offered — vouchers are available both for an initial interview and also for psychometric testing
- Target groups are diverse — most concentrate on the unemployed, low-skill employed and others at a disadvantage in the workplace
- Some TECs have taken a deliberate decision not to include training providers as redeeming agents, due to potential conflicts of interest and concern for impartiality

Skill Choice

This was previously known as the Assessment and Guidance Credits Initiative.

- Purpose — to encourage the development of effective and comprehensive assessment and guidance services

- There are 15 TECs/lecs involved in this two-year initiative (1993-5). In most cases, adequate structure for delivery has been built up through previous involvement in GTL
- Individuals are offered credits toward the cost of purchasing guidance and APL services of their choice
- TECs are using different brand names and some are targeting different groups; they are aimed at the employed, but up to 10% of clients can be unemployed
- On average, credits cover 70% of the cost of assessment and guidance services in the first year and 60% in the second year; employers/individuals are being asked to pay the remainder
- TECs are using between two and four vouchers to cover the whole process
- Payments are generated by the completion of action plans after guidance; after the production of assessment plans, after APL counselling, and on successful completion of NVQ units
- Employer involvement is crucial to the success of the initiative

Open Learning Credits for Adult Unemployed People

- Purpose — to test out open learning credits as a means of helping unemployed people back to work by improving their vocational skills and knowledge
- Fourteen TECs/lecs were involved in 1993-4 in piloting this scheme: each of the pilots was different; trial learning materials were being produced in some cases
- Client group is generally adults who have been unemployed for six months or more
- In some cases, credits are applicable to any subject a client wishes to study; in others, it is being restricted to certain occupational areas or NVQs
- Assessment and guidance is a contractual requirement for all clients following entry; in some cases, it is being delivered by GTL or Skill Choice

Adult Training Credits

- Purpose — to encourage consumer choice; empowerment and motivation in the learning market by offering adults a means of exchange which enables them to shop around and select the learning of their choice
- TECs were invited to bid for funds for small scale projects to support the development of adult training credits and their implementation in the 1992-3 National Development prospectus.
- The projects are diverse; in some areas credits are being used to deliver training within programmes, such as Training for Work (TFW); in others they are funding education and training outside national programmes
- The credit may cover part or all of the cost, and in addition to the price of the learning may be used to purchase support requirements such as books or tools
- Typical developmental projects are delivering only 100-200 credits

Acknowledgements

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This bulletin is based upon research undertaken by the following colleges

Croydon College; East Birmingham College; Macclesfield College; Peterlee College; St Austell College.

The Further Education Development Agency would like to acknowledge the contribution of the former Further Education Unit to the research which forms the basis for this publication.

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Registered charity number: 1044045

ISBN: 1 85338 399 6

Printed by Potters, Meridian House plc, Peterborough